

November 28, 2000

Gary M. Williams  
Clerk of the Circuit Court  
County of Sussex

Board of Supervisors  
County of Sussex

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Sussex for the period April 1, 1998 through June 30, 2000.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

#### **Reimburse Machine Recording Fund**

The Clerk has improperly used the machine-recording fees to purchase a new word processor and other office equipment. Section 17.1-275 of the Code of Virginia allows courts that use electronic devices for recording testimony to assess a special machine-recording fee. The statute limits the fees use to repairing, replacing, or supplementing such electronic devices, or if a sufficient amount is available, to purchase such devices in whole or in part.

The Clerk should personally reimburse the machine recording fund \$1,082.64 for the improper purchase of the word processor and other office equipment unless the Clerk can get the County to pay for the equipment in accordance with Section 15.2-1656 of the Code of Virginia. Since the court is no longer using a machine-recording device, the Clerk should stop collecting the fee. After making the fund whole, the clerk should send all machine-recording fees to the Commonwealth.

## **Properly Manage Accounts Receivable**

The Clerk has not implemented proper procedures to establish, monitor and collect accounts receivable. Specifically, we found the following conditions.

- For cases tested where the Clerk changed the due date for collection, the Clerk could not provide either a deferred payment or installment agreement in accordance with Code of Virginia Section 19.2-354. All fines and costs are payable immediately upon final disposition unless otherwise ordered by the court or evidenced by a written payment plan. Court staff should not alter due dates unless they have an established or revised payment agreement.
- The Clerk does not promptly enter all unpaid fines and costs in the Judgment Lien Docket as required by the Code of Virginia § 8.01-446. In four of 11 unpaid cases tested, the Clerk did not enter judgments until up to 28 days after disposition. To maximize collections, the Clerk should promptly record all unpaid fines and costs in the Judgment Lien Docket Book.
- The Clerk is not consistently reviewing DMV Exception reports to identify accounts that require corrective action. As a result, all cases we tested eligible for license suspension remained unreported for up to three months or more after the clerk received the report. The Clerk should monitor the status of all accounts listed and ensure that he reports the appropriate cases in a timely manner to DMV for collections.

## **Properly Assess and Record Drug Offender and Forensic Laboratory Fees**

In all criminal cases involving drug offenses, the Clerk did not correctly assess the drug offender fee set forth in Sections 17.1-275(11a) and 17.1-275.5 of the Code of Virginia nor the forensic laboratory fee set forth in Section 18.2-264.1 of the Code of Virginia.

The Clerk needs to be more diligent in the proper assessment of fees and costs. Despite the size of his staff, the Clerk has a responsibility to assess fines and costs in accordance with the Code of Virginia. The Clerk should ensure he and his staff understands all fees and costs and keeps abreast of any changes that may occur in the fee structure.

## **Improve Knowledge of Accounting System**

The Clerk does not have sufficient knowledge of proper automated accounting procedures. Specifically, we found the following conditions:

- The Clerk does not properly approve all voided receipts. Per the Financial Management Systems Users Guide, the appropriate supervisor must initial the voided receipt to denote approval. Since the Clerk's staff also has the authority to void receipts, it is especially important for the Clerk to review and approve these voids. Proper review and approval of all voided receipts prevents the possibility of fraud and misappropriation of funds.

- The Clerk does not document the manual receipts on the BR02 Daily Report Cover Sheet or PCR End of Day Report. The Financial Management System User's Guide requires the Clerk to document the manual receipts used and retain them for audit purposes. Further, appropriate retention and documentation ensures the proper entry of manual receipts in the system and prevents fraud or misappropriation of funds.
- The Clerk does not document his review of the court's daily accounting records. We noted the lack of any signatures on the Daily Report Cover Sheet. Because a separation of duties is not always possible due to the small number of employees, proper supervisory review is critical to the timely detection and correction of errors. The Clerk should review his staff's work daily to ensure the accuracy and completeness of financial transactions.

The Clerk should keep informed of changes affecting the financial system and other court operations. We recommend that the Clerk attend the semi-annual FMS User Group Meetings, the Fall Regional Conferences and other training classes as provided by the Supreme Court. In addition, the Clerk and the staff should perform a self-review of all financial entries before posting them to the general ledger system. A proper review will greatly decrease errors and omissions and provide more accurate financial information.

We discussed these comments with the Clerk on October 12, 2000 and we acknowledge the cooperation extended to us by the court during this engagement.

## AUDITOR OF PUBLIC ACCOUNTS

WJK:aom

cc: The Honorable Robert G. O'Hara, Jr., Chief Judge  
 Mary E. Jones, County Administrator  
 Bruce Haynes, Executive Secretary  
 Compensation Board  
 Don Lucido, Director of Technical Assistance  
 Supreme Court of Virginia  
 Martin Watts, Court Analyst  
 Supreme Court of Virginia  
 Paul Delosh, Technical Assistance  
 Supreme Court of Virginia